

# **Veterans Housing and Homelessness Prevention Program**

**October 2015**

**Notice of Funding**

**Availability – Round 2**

**Issued By**



**In Collaboration With**



**State of California**

**Governor Edmund G. Brown Jr.**

**Susan Riggs, Acting Director**

**Department of Housing and Community Development**

**NOTICE OF FUNDING AVAILABILITY (NOFA) – ROUND 2**  
**VETERANS HOUSING AND HOMELESSNESS PREVENTION PROGRAM**

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**Attachment 1: Application Workshop Registration Form**

## **A. Introduction**

The Department of Housing and Community Development (HCD), in collaboration with the California Housing Finance Agency and California Department of Veterans Affairs, is announcing the availability of approximately \$75 million in funding for the development of affordable multifamily rental housing containing permanent Supportive Housing units, Transitional Housing units or affordable housing units for veterans and their families under the Veterans Housing and Homeless Prevention Program (VHHP). Funding for this NOFA is provided pursuant to AB 639 (Perez, 2013) and Proposition 41 (2014).

Information on this funding opportunity is available on HCD's website at <http://www.hcd.ca.gov/fa/vets/>.

“Veteran” means any person who served in the active military, naval, or air service of the United States, or as a member of the National Guard who was called to and released from active duty or active service, for a period of not less than 90 consecutive days or was discharged from the service due to a service-connected disability within that 90-day period. This includes all Veterans regardless of discharge status.

## **B. Program Guidelines and Legal Authority**

The administration of the Veterans Housing and Homelessness Prevention Program (VHHP) is governed by the VHHP Program Guidelines (“Guidelines”), dated October 13, 2015. These Guidelines establish terms, conditions and procedures for funds awarded under VHHP. The Guidelines implement and interpret the VHHP authorized pursuant to the Veterans Housing and Homeless Prevention Act (the Act) as set forth in Military and Veteran’s Code Division 4 Chapter 6, Article 3.2, commencing with Section 997.001. The Guidelines interpret and make specific the following sections applicable to this Program (and programs thereunder): Sections 987.005, 987.007, 987.008.

The Guidelines are available on HCD's website at <http://www.hcd.ca.gov/fa/vets/>.

## **C. Guideline Changes**

- Section 101 – Definitions
  - Added a definition for Case Manager.

- Section 108 – Use of Operating Cash Flow
  - Clarified that case management is an eligible operating expense, along with resident services coordination.
  
- Section 110 – Application Process
  - Simplified the scoring system used to guide funding decisions, by specifying that funding decisions are based on raw point scores rather than the percentage of applicable points that vary by project type. This change increases the intended advantage for supportive housing and transitional housing.
  
- Section 111 – Application Selection Criteria
  - To ensure a minimal level of readiness and service quality, projects will be required to receive minimum point scores in the Readiness to Proceed and Supportive Services Plan Scoring Categories;
  - Revised the Supportive Services Plan requirements to specify how points are allocated between sub-categories;
  - Revised the Supportive Services Plan Scoring Category to include points for consideration of building design contributions to resident safety and conducting tenant satisfaction surveys;
  - Revised the Leverage of Rental or Operating Subsidies Scoring Category to allow projects without rental subsidy contracts or operating subsidy reserves to garner points if they can deliver the same rents as projects with these contracts or reserves.
  
- Section 115 – Supportive Services
  - Clarified the requirements for supportive services case management staffing, and the credentials of these staff.
  
- Section 116 – Vulnerable Populations Best Practices
  - Added a section on suggested (not mandatory) building design practices, focused on resident safety.

**D. Geographic Distribution**

To the extent there are applications from the identified regions in Section 110 that meet all Program eligibility requirements and score above the minimum required point score, awards will be adjusted to meet the geographic distribution objectives in Section 110(f)(2). The geographic distribution objectives are as follows:

Not less than 14 percent of the total amount awarded (estimated to be \$10.5 million) to projects located in Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Santa Cruz or Sonoma Counties.

Not less than 31 percent of the total amount awarded (estimated to be \$23.25 million) to projects located in Los Angeles County.

Not less than eight percent of the total amount awarded (estimated to be \$6 million) to projects located in Orange, Riverside or San Bernardino Counties.

Not less than seven percent of the total amount awarded (estimated to be \$5.25 million) to projects located in San Diego County.

Not less than 16 percent of the total amount awarded (estimated to be \$12 million) to projects located outside any of the counties named above.

Funds remaining after satisfying the geographic distribution objectives set forth in this Section shall be awarded without regard to project location.

**E. Maximum Loan Amount**

The maximum loan per project is \$10 million including the operating reserve offset tranche, described in Section F below. Under this NOFA, the maximum per unit loan amount will be computed as shown in Section 103 of the Guidelines.

**F. Eligible Project Sponsor**

Sponsor is the borrowing entity that HCD relies upon for experience and capacity, and which controls the project during development and occupancy. In a project with multiple layers of ownership, the Sponsor cannot have more than one entity between itself and the borrowing entity. Sponsors and borrowing entities may be organized on a for-profit or not-for-profit basis. Any public agency or private entity capable of entering into a contract is eligible to apply, provided they meet the threshold requirements in Section 102 of the Guidelines.

**G. Use and Terms of Program Assistance**

VHHP funds will be provided as post-construction permanent loans. All Program funds shall be used for the development costs in CCR Section 7304 (a) and (b) and to refinance loans used to cover such costs. Program loans may have two tranches, a base tranche and an operating reserve offset tranche. The total amount of VHHP assistance (both tranches) shall not exceed the lesser of the development costs associated with Assisted Units, or \$10 million.

Program assistance shall have an initial term of 55 years or longer to match the period of affordability restrictions under the Low Income Housing Tax Credit Program. Program loans shall be secured by the project's real property and improvements, subject only to liens, encumbrances and other matters of record approved by HCD consistent with CCR Section 8316.

The loan terms of the base tranche and the operating reserve offset tranche are described in Guidelines Section 103.

#### **H. Threshold Requirements**

To be eligible to receive funding, projects must meet the requirements of Guidelines Section 102. Projects must involve the new construction or acquisition/rehabilitation of an Affordable Rental Housing Development or Transitional Housing, or the conversion of an existing structure into one of these housing types. Projects shall restrict occupancy for at least 45 percent of Assisted Units to Extremely Low Income Veterans, with rents not exceeding 30 percent of the 30 percent Area Median Income (AMI) limit, calculated in accordance with Tax Credit Allocation Committee (TCAC) regulations and procedures, i.e. TCAC's 30 percent AMI Rent limit.

For projects with Supportive Housing or Transitional Housing additional requirements concerning the lead service provider experience including comprehensive case management, adherence to Housing First property management and tenant selection practices, and the supportive service requirements of Section 115 are required.

For projects proposing new construction of Transitional Housing, projects shall have a physical configuration that allows for ready conversion of the Transitional Housing to permanent housing at minimal cost.

Additional threshold requirements pertaining to all projects types are contained in Guidelines Section 102 (f)–(m).

#### **I. Occupancy Requirements**

Occupancy of all Assisted Units shall be restricted to households including one or more Veterans with incomes at move-in not exceeding the limits approved by HCD and specified in the Program regulatory agreement. At least 45 percent of total Assisted Units within a Project must be restricted to Extremely Low Income Veterans. The maximum income limit at move-in may not exceed 60 percent of AMI.

Occupancy for units designated as Supportive Housing or Transitional Housing is restricted to veteran households experiencing homelessness, as defined in the Guidelines.

Occupancy requirements are detailed in Section 104 of the Guidelines and shall apply for the full term of the Program loan.

## **J. Rent and Income Limits**

Assisted Unit rent and tenant incomes will be restricted in accordance with the rent and income limits proposed by the project Sponsor in their VHHP application, with rents generally not exceeding 30 percent of the applicable income limit. The income limits are posted on the HCD website. These limits will be similar to those used in HCD's Multifamily Housing Program. Funding will be available for income limits up to 60 percent AMI.

## **K. Miscellaneous Requirements**

VHHP projects must adhere to the requirements in Section 109, that five percent of the contracting work be awarded to a Disabled Veteran Business Enterprise (DVBE). Also, Sponsors must make a good faith effort to hire veterans for development, construction and related jobs associated with the project. Sponsors are encouraged to contact the CalVet SB/DVBE Advocate at 916-651-3045 or via email at [gloria.anderson@calvet.ca.gov](mailto:gloria.anderson@calvet.ca.gov) for assistance locating DVBE. Also, here is a suggested link to search for DVBE companies: <http://www.bidsync.com/DPXBisCASB>.

As part of the application for program funds, applicants shall submit a Utilization Plan describing how this requirement will be satisfied, including identification of a plan administrator responsible for implementing the plan and ensuring achievement of the five percent requirement; and description of outreach methods to be used to recruit DVBEs.

Prior to the commencement of construction, the Sponsor shall submit a report to HCD and the California Department of Veterans Affairs on their DVBE plan implementation. Upon completion of construction, and prior to the Program loan closing, the Sponsor shall submit a report detailing actual payments to DVBEs.

If the Sponsor fails to achieve the five percent minimum requirement, HCD may award negative points for subsequent VHHP applications for funding.

Please refer to Section 109 (c)-(f) for additional requirements.

## **L. Application Process**

Applications must be submitted on forms provided or approved by HCD. Application forms must not be modified. The Application form will be available on HCD's website on or about October 20, 2015. HCD will only accept applications through a postal carrier service such as U.S. Postal Service, UPS, Fed Ex or other carrier services that provide date stamp verification confirming delivery to HCD's office at:

Veterans Housing and Homelessness Prevention Program  
Department of Housing and Community Development  
Division of Financial Assistance  
2020 W. El Camino Avenue, Suite 500  
Sacramento, CA 95833

A complete original application and two (2) electronic copies on CD or Flash Drive with all applicable information must be received by HCD via postal carrier no later than **5:00 p.m. on Monday, December 14, 2015**. No facsimiles, late applications, incomplete applications, application revisions, electronically transmitted, or walk in application packages will be accepted. Applications must meet all eligibility requirements upon submission. Applications having material internal inconsistencies will not be rated and ranked. For application questions contact any member of the VHHP staff as listed in the application.

**M. Application Selection Criteria and Required Minimum Point Scores**

To be considered for a funding award each project must receive a minimum overall application score for the applicable project type, as well as minimum scores in the Supportive Services Plan and Readiness to Proceed scoring categories.

Overall Application:

- 100 Points for Projects with Supportive Housing
- 80 Points for Projects with Transitional Housing but not Supportive Housing
- 65 Points for All Other Projects

Supportive Services Plan

- 10 Points for Projects that include Supportive Housing or Transitional Housing
- 7 Points for All Other Projects

Readiness to Proceed

- 5 Points for All Project Types

The criteria that will be used to score projects are described in Section 111 and summarized below.

Scoring Category	Max. Points w/SH Units or TH Units	Max. Points All Other Projects	Comments
Development Team Experience	33	15	Only SH or TH will be scored on Lead Service Provider experience for an additional 18 points.
Supportive Housing Units	25	0	Only SH or TH projects will be scored in this category, to receive any points in this category a minimum of 25% of VHHP Assisted Units must be restricted as SH.
Supportive Services Plan or Resident Services Coordination Plan	20	10	To ensure a minimum level of service quality, projects must receive a minimum point score of 10 points for Supportive Services Plans and seven (7) points for Resident Services Coordination Plans.
Leverage of Development Funding	15	15	
Leverage of Rental or Operating Subsidies	20	20	Projects without rental subsidy contracts or operating subsidy reserves will be allowed to garner points in this category if they can deliver the same rents as projects with these contracts or reserves.
Readiness to Proceed	15	15	To ensure a minimum level of project readiness, projects are required to receive a minimum point score of five points in this category.
Confirmation of Local Need	5	5	
Total Maximum Points	133	80	

## **N. Housing First Practices**

Applicants will certify and document adherence to Housing First practices in the application, property management plan and supportive services plan. Adherence to Housing First practices shall be subject to periodic compliance monitoring.

Housing First is an approach adopted by federal veteran and housing agencies where persons experiencing homelessness, usually chronically homeless individuals and families or especially vulnerable homeless individuals and families, are provided immediate access to housing and then offered supportive services to foster long-term housing stability. More information on Housing First best practices may be found at

[http://usich.gov/resources/uploads/asset\\_library/Housing\\_First\\_Checklist\\_FINAL.pdf](http://usich.gov/resources/uploads/asset_library/Housing_First_Checklist_FINAL.pdf)

For additional information on VHHP Housing First requirements, please see Section 112.

## **O. Tenant Selection**

Sponsors shall select tenants in accordance with the provisions of 25 CCR Section 8305, the Uniform Multifamily Regulations. Reasonable selection criteria, as referred to in Section 8305(a)(1), includes priority status under a local coordinated access (a.k.a. coordinated assessment) system developed pursuant to the 24 Code of Federal Regulations 578.7(a)(8). Supportive and transitional housing projects shall prioritize highly vulnerable households referred by the local coordinated access system. If local systems are not in place, these VHHP developments shall coordinate with outreach and shelter programs serving vulnerable people experiencing homelessness.

Potential tenants shall not be rejected based on the type of military discharge, unless specifically required by a public agency funding source for the project.

For more information, please see Section 113.

## **P. Supportive Services and Property Management Requirements**

All VHHP projects shall be designed to provide affordable housing occupants with access to an array of services and amenities delivered both on-site and through off-site community or veteran-specific services. Service provider experience and service plan requirements (included in both threshold and scoring evaluations) differ for projects depending on their configuration and inclusion of supportive, transitional and affordable housing units.

As part of the VHHP application, Sponsors must identify their service provider and submit a Supportive Services Plan that meets the requirements of Section 115. Scoring of the supportive service providers and plans is detailed in Section 111.

The Supportive Services Plan must also identify the parties responsible for Homeless Management Information System (HMIS) and other reporting, which must also be reflected in the required agreements and commitment letters.

**Q. Application Workshops**

Workshops are scheduled as follows:

Date	Location	Time
October 28, 2015	Elihu Harris State Building 1515 Clay Street, Auditorium <b>Oakland 94612</b>	10 a.m. to 2 p.m.
October 30, 2015	State of California Building – CA Tower 3737 Main Street <b>Riverside 92501</b>	10 a.m. to 2 p.m.
November 2, 2015	Point Loma Public Library 3701 Voltaire Street <b>San Diego 92107</b>	10 a.m. to 2 p.m.
November 3, 2015	Ronald Reagan State Building 300 South Spring Street, Auditorium <b>Los Angeles 90013</b>	10 a.m. to 2 p.m.
November 5, 2015	<b>Webinar</b> Application Workshop See HCD VHHP web page for details	To be announced on VHHP web page

ADVANCE REGISTRATION FOR THE WORKSHOPS IS REQUESTED. Space is limited and will be reserved on a first come basis. To ensure a spot, register early but no later than 24 hours before the workshop. To register, please complete the attached registration form and return via email to [gail.tillmanmitchell@hcd.ca.gov](mailto:gail.tillmanmitchell@hcd.ca.gov) or fax to (916) 263-2764, attention: Gail Tillman-Mitchell. **Printed materials will not be provided at the Workshop. Materials**

**will be made available for download and printing from HCD's website or via e-mail by request.**

**The department will also host a webinar on November 5, 2015 for those unable to attend the workshops. The time of it and instructions for joining this webinar will be posted on the website.**

## **R . Same-Sex Restricted Projects**

In order to best address the needs of veterans, some applicants may want to propose housing where all adult occupants are restricted to be of the same sex. Yet, under State and Federal fair housing and civil rights laws (collectively "FH laws") any such restriction, without an adequate legal justification, would likely constitute impermissible facial discrimination. Although there remains considerable legal uncertainty as to what the basis for such a legal justification would be, HCD, in order to best serve the needs of our Veterans, is willing to consider awards to same-sex-restricted projects provided the project application can meet the jurisprudential test set forth in *Community House, Inc. v. City of Boise*, 490 F.3d 1041, 1050 (9th Cir. 2007). In order to demonstrate that a proposed same-sex-restricted project will meet this FH law standard, each proponent of such a project must submit (along with its other application materials) a project-specific legal opinion letter with supporting materials documenting how it satisfies FH laws as described below (the Opinion). No scoring advantage will accrue to same-sex-restricted projects.

The Opinion must be authored and executed under penalty of perjury by a licensed member of the California State Bar. The Opinion must demonstrate that the applicant has considered the legal requirements of FH laws as applied to the relevant facts of its proposed project. It must demonstrate how the proposed same-sex-restriction, despite being facially discriminatory, is still permissible under FH law.

The Opinion must describe the population to be housed and its gender or sex-related special condition (the "Condition") that requires (and therefore justifies) housing in a same-sex setting. Each such description must be supported by project-specific medical, psychiatric, or psychological support referenced by and attached to the Opinion (hereafter "Professional Documentation"). The Opinion, taken together with the Professional Documentation, must explain how and why a same-sex-restriction is both necessary and still the least restrictive means by which to properly and holistically address or treat the Condition(s) presented by the inhabitants of that particular housing development. The Professional Documentation must be authored

and executed under penalty of perjury by a licensed member of the California Board of Behavioral Sciences, or a physician licensed by the Medical Board of California.

Lastly, the Opinion must also describe the means by which the applicant will initially and individually screen and continue to document (with tenant-specific Professional Documentation) each tenant Condition(s) justifying her or his need for same-sex-restricted housing.

# Attachment 1

## VHHP Workshop Registration Form

The Veterans Housing and Homelessness Prevention Program (VHHP) workshop is designed to provide training on the VHHP application and technical assistance for applicants. It is strongly recommended that you attend. At least 24 hours prior to the workshop date, please RSVP by completing and submitting this single page (no cover sheet is needed) to gail.tillman-mitchell @hcd.ca.gov or FAX (916) 263-2764.

**Printed materials will not be provided at the Workshop. Materials will be made available for download and printing from HCD's website or via e-mail by request.**

<b>Name of Attendee(s):</b>	
<b>Organization's Name:</b>	
<b>Address:</b>	
<b>City, Zip Code:</b>	
<b>E-mail:</b>	
<b>Phone Number:</b>	
<b>Fax:</b>	

**Please indicate the workshop you wish to attend:**

- Oakland – Wednesday, October 28**
- Riverside – Friday, October 30**
- San Diego – Monday, November 2**
- Los Angeles – Tuesday, November 3**
- Webinar – Thursday, November 5**